

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EB-08 COME-00 OPIC-03 TRSE-00
CIAE-00 INR-10 NSAE-00 OMB-01 /035 W
-----027136 160316Z /73

R 141155Z APR 78
FM AMCONSUL ISTANBUL
TO SECSTATE WASHDC 9839
INFO AMEMBASSY ANKARA
AMCONSUL IZMIR
AMCONSUL ADANA

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E.O. 11652: N/A
TAGS: EFIN, EINV, TU
SUBJ: CHRYSLER SELLS TURKISH SUBSIDIARY

1. CHRYSLER CONCLUDES A SALE THIS WEEK OF ITS SIXTY PERCENT SHARE IN CHRYSLER AANAYI ANONIM SIRKETI, A TRUCK ASSEMBLY OPERATION, TO ITS THREE LOCAL PARTNERS EACH NOW OWNING A THIRD OF THE COMPANY. THE SALE IS SUBJECT TO APPROVAL BY THE GOVERNMENT OF TURKEY WHICH WILL DETERMINE WHETHER THE PRICE IS JUSTIFIED AND, IF NOT, READJUST IT. CHRYSLER FINANCE DIRECTOR HERE SAID PRICE WAS REASONABLE AND BUYERS HAVE GIVEN NOTES TO PAY OVER THREE YEARS, FIRST PAYMENT DUE IN A YEAR.

2. WHILE CHRYSLER HAS HAD A NUMBER OF PROBLEMS HERE, DECISION WAS MAINLY BASED ON U.S. DOMESTIC CONSIDERATIONS. CHRYSLER INTENDS CONCENTRATE INVESTMENT IN DOMESTIC MARKET AND IS UNWILLING INCREASE ITS EXPOSURE, NOW \$21 MILLION, IN TURKEY WHICH WOULD BE NECESSARY TO KEEP COMPANY OPERATING. CHRYSLER WILL CONTINUE SUPPLY COMPONENTS AND HAS A TECHNICAL ASSISTANCE AGREEMENT WITH TURKISH COMPANY.

3. CHRYSLER SANAYI HAS CAPITAL OF TL 100 MILLION, EMPLOYS
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ABOUT 700 WORKERS, AND HAS ANNUAL SALES OF NEARLY TL 1 BILLION. CHRYSLER EXPOSURE CONSISTS OF \$13.8 MILLION TRANSFERS DUE FOR IMPORTS, 900,000 IN DIVIDENT PAYMENTS, SFR. 2.5 MILLION IN CONVERTIBLE LIRA DEPOSITIS, AND TL 7.5 MILLION IN BLOCKED COOLEY LOAN PROFITS PLUS ITS CAPITAL INVESTMENT. LOCAL OWNERS ARE TATKO (YALMAN FAMILY). RUSENSAD, AND CIFTCILER.

4. COMMENT WE DO NOT BELIEVE THIS SALE PORTENDS OTHER FOREIGN INVESTMENTS LEAVING TURKEY AS IT IS PRIMARILY DUE TO CHRYSLER'S DIFFICULTIES IN THE U.S. REPRESENTATIVE SAID COMPANY ACTUALLY THINKS SITUATION IN TURKEY HAS BEGUN TO IMPROVE AND LOOKS FORWARD TO PROFITABLE SUPPLIER RELATION WITH NOW TURKISH COMPANY WHICH WILL BE ABLE EXPAND WITHOUT LIMITATIONS IMPOSED BY LAW 6224 WHICH GOVERNS FOREIGN INVESTMENT.
HOUGHTON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SALES, BUSINESS FIRMS, SUBSIDIARIES
Control Number: n/a
Copy: SINGLE
Draft Date: 14 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978ISTANB01127
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780163-0357
Format: TEL
From: ISTANBUL
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780455/aaaabuuj.tel
Line Count: 70
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: a6a201b0-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2964512
Secure: OPEN
Status: NATIVE
Subject: CHRYSLER SELLS TURKISH SUBSIDIARY
TAGS: EFIN, EINV, TU, US, CHRYSLER AANAYI ANONIM SIRKETI
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/a6a201b0-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014